

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**MINUTES OF MEETING**  
**MAY 19, 1994, 10:00 AM EST**

The Members of the Department of Financial Institutions met at 10:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, May 19, 1994. Members present were Messrs. Mark Hasten, Chairman, presiding, W. Paul Wolf, Tony Zaleski, R. Douglas Grant, and Ms. Dee Godme. Also present from the Department were Charles W. Phillips, Director; Kirk J. Schreiber, Bank Analyst; Eric Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; Mark K. Powell, Supervisor, Credit Unions; and Janice L. Davis, Administrative Assistant. Members Norman Lowery and Daniel Leitch were absent.

**I. PUBLIC SESSION**

- A.) Attendance
- B.) Date of next meeting: June 9, 1994, at 10:00 a.m. EST.
- C.) A motion was made for approval of the minutes of the meeting held April 14, 1994, by Mr. Grant and was seconded by Mr. Zaleski. The minutes were unanimously approved.

**DIVISION OF BANKS AND TRUST COMPANIES**

- 1) **The Francisco State Bank, Francisco, Gibson County, Indiana**  
The application for a Plan of Exchange pursuant to IC 28-1-7.5-6 was filed with the Department on May 6, 1994, and was presented to the Members by Mr. Eric D. Roberts, Senior Bank Analyst. The Plan provides for an exchange of stock between The Francisco State Bank and FSB Financial Corporation, which will serve as a one-bank holding company. The plan provides for the exchange of one share of Francisco common stock for one share of FSB common stock. The applicant has requested a public hearing on the fairness of the terms of the Plan of Exchange as provided for in IC 28-1-7.5-5. The staff proposes that the hearing be scheduled for Friday, June 10, 1994, at 1:00 P.M. EST and held at The Francisco State Bank, 102 Main Street, Francisco, Gibson County, Indiana. It was proposed that the Members of the Department authorize either Charles W. Phillips, Director or James M. Cooper, Deputy Director, to conduct the public hearing. If the hearing date is acceptable to the Members, notice of the public hearing will be published in a newspaper of general circulation in Gibson County, no later than May 31, 1994. Notice of the hearing shall also be mailed to all shareholders.

A motion for approval of the hearing was made by Mr. Wolf and seconded by Mrs. Godme. The Members unanimously authorized either Director Phillips or Deputy Director Cooper to conduct the public hearing on June 10, 1994, at the bank.

- 2) **CNB Bancshares, Inc., Evansville, Vanderburgh County, Indiana**  
An application received from CNB Bancshares to acquire 100% of Oakland City Bancshares Corporation, Oakland City, Indiana and indirectly acquire control of its wholly owned subsidiary bank, First Bank and Trust Company of Oakland City, Oakland City, Gibson County, Indiana, was presented by Mr. Kirk J. Schreiber, Bank Analyst. The application was received on March 31, 1994, and was accepted for processing on April 15, 1994. The required publications were made in Vanderburgh and Gibson Counties, Indiana, on April 27, 1994. CNB has formed a wholly owned subsidiary known as Citizens Bancshares, and proposes to merge the target into

Citizens Bancshares, with Citizens Bancshares being the surviving corporation. Immediately prior to the merger, the applicant would contribute 100 shares of the capital stock of Citizens National Bank of Evansville, the applicant's lead bank subsidiary, to Citizens Bancshares.

This creates a second tier holding company for the applicant. The agreement also proposes that The First Bank and Trust Company of Oakland City, the target's only subsidiary, will merge into Citizens National Bank of Evansville.

The proposed transaction consists of an exchange of 2,052 shares of applicant's common stock for each issued and outstanding share of the target's common stock. The target shareholders will receive 100% of the purchase price of the applicant's common stock.

The pro forma combined financial statements as of December 31, 1993, reflect a tier one leverage capital ratio of 8.03% for the applicant. The pro forma total assets for the same date would be \$2.46 billion, and total equity capital of \$216 million. The applicant's long term debt to equity ratio on a pro forma parent only bases is approximately 11.31%.

The most recent CAMEL and CRA ratings received by Citizens National Bank of Evansville were satisfactory. The First Bank and Trust Company of Oakland City also received satisfactory CRA and CAMEL ratings at its most recent examination.

This application was approved by the Federal Reserve Bank of St. Louis on May 3, 1994. It is the staff's opinion that the provisions of IC 28-2-14 have been met.

Mr. Paul Wolf inquired about the felony conviction of one of CNB's directors. Mr. Schreiber explained that there is a written agreement stating that this particular individual will not be involved with the resulting structure if the application is approved. Mr. Schreiber further stated that it was a conviction of a firearms violation, and had nothing to do with breach of trust or dishonesty.

A motion was made for approval by Mr. Grant and seconded by Mr. Wolf. The acquisition was unanimously approved.

3) **Banc One Corporation, Columbus, Franklin County, Ohio**

Mr. Kirk J. Schreiber, Bank Analyst, presented an application which was filed by Banc One Corporation, a foreign bank holding company, pursuant to IC 28-2-16 for prior approval to acquire control of Liberty National Bancorp, Inc., Louisville, Jefferson County, Kentucky, and thereby indirectly acquire CSB Bancshares, Inc., Charlestown, Clark County, Indiana, an Indiana bank holding company, and its wholly-owned subsidiary, Liberty National Bank and Trust Company of Indiana, Charlestown, Clark County, Indiana. The application was received by the Department on March 3, 1994, and accepted for processing on March 27, 1994. Banc One and Liberty National Bancorp entered into an agreement of merger on November 2, 1993. Banc One has formed a wholly owned subsidiary corporation known as Aaron Acquisition Corporation. The agreement provides for the merger of Aaron Acquisition Corporation into Liberty, with Liberty being the surviving corporation and will conduct business as the wholly owned subsidiary of Banc One. Following the merger, Liberty will change its name to Bank One Kentucky Corporation with its principle place of business in Louisville, Kentucky. Liberty's bank subsidiaries will continue as separate entities following the merger. Liberty's non-bank subsidiaries may be transferred to, or combined with, existing Banc One non-bank subsidiaries or may continue to exist as separate corporate entities with their names changed to include Bank One.

The merger agreement provides that each of the 25,449,568 shares of Liberty common stock outstanding will be exchanged for shares of Banc One common stock, as follows: 1) if the average price of Banc One common stock

is less than \$40 and more than \$37.79 per share during the valuation period, such shares of Liberty common stock will be converted into an amount of Banc One common stock having a market value of \$35.00; 2) if the average price of Banc One common stock is \$37.79 or less during the valuation period, each Liberty conversion share will be converted into 0.9262 shares of Banc One common stock; and, 3) if the average price of Banc One common stock is \$40.00 or more during the valuation period, each Liberty conversion share will be converted into 0.8750 shares of Banc One common stock.

Pro forma combined financial statements, as of September 30, 1993, reflect a tier one leverage capital ratio of 8.16% per applicant. Pro forma total assets for the same date would be \$82.6 billion and total equity capital of \$7.2 billion. Each of the lead bank subsidiaries of Banc One and Liberty have received outstanding CRA ratings in 1993. It is the staff's opinion that the provisions of IC 28-1-16-17(e) have been statutorily met.

A motion for approval of the acquisition was made by Mr. Grant and seconded by Mr. Zaleski. The application was unanimously approved.

#### DIVISION OF CREDIT UNIONS

- 1) Mr. Mark Powell, Supervisor of the Credit Union Division, presented a request for approval of the proposed merger of Rand McNally Credit Union, Indianapolis, Marion County, Indiana, into Naval Avionics Employees Credit Union, Indianapolis, Marion County, Indiana. The Rand McNally Credit Union is requesting this merger since the printing plant that employs the members of the credit union is being closed by the parent company on June 1, 1994.

Due to the closure of the plant, Mr. Powell is requesting approval of this merger without requiring a vote of the membership of the Rand McNally Credit Union. IC 28-7-1-33(d) provides that the Department may permit the merger without the affirmative vote of the membership if the qualified group associated with the credit union either has ceased, or soon will cease to exist. A vote of the membership would needlessly delay the merger and create a time in which a depositor run could materialize.

A motion for approval of the merger and to waive the membership vote, pursuant to IC 28-7-1-33(d), was made by Mrs. Godme and seconded by Mr. Zaleski. The merger was unanimously approved.

#### DIRECTOR'S COMMENTS AND REQUESTS

- 1) Valley American Bank, South Bend, St. Joseph County, Indiana  
The bank has notified the Department that they have closed their branch banking office which was known as "Kroger Merrifield" located at 906 South Merrifield, Mishawaka, St. Joseph County, Indiana. The office was closed on May 7, 1994 at 1:00 P.M. This is for informational purposes only.
- 2) The Director advised the Members of actions taken pursuant to delegated authority which were as follows:

#### DIVISION OF BANKS AND TRUST COMPANIES

- 1) FIRST OF AMERICA BANK-INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA  
The bank has applied to the Department for permission to establish a branch banking office to be located at 114 East Walnut Street, Kokomo, Howard County, Indiana. The branch will be known as "Kokomo Downtown Office." This will be the applicant's forty-fourth branch. The request was approved by the Director under Delegated Authority on April 27, 1994.

- 2) FIRST OF AMERICA BANK, INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA  
The bank has applied to the Department for permission to establish a branch banking office. The proposed branch will be called "Cub Foods - Markland Avenue Office" and will be located at 2130 East Markland Avenue, Kokomo, Howard County, Indiana, inside a Cub Food Grocery Store. This will be the applicant's forty-fifth branch. The request was approved by the Director under Delegated Authority on April 27, 1994.
- 3) STAR FINANCIAL BANK, INDIANAPOLIS, MARION COUNTY, INDIANA  
The bank has applied to the Department for permission to relocate a branch banking office from 6509 South State Road 67, Pendleton, Madison County, Indiana to 7180 State Road 67, Pendleton, Madison County, Indiana. The branch will be known as the "Pendleton Office". This will be the applicant's ninth branch. Approval is recommended conditioned upon the bank transferring a minimum of \$500 thousand from Undivided Profits to Surplus in order to comply with the provisions of IC 28-1-11-5. The request was approved by the Director under Delegated Authority on April 27, 1994.

#### DIVISION OF CONSUMER CREDIT

- 1) A request was submitted for a Pawnbroker License by Larry Conner d/b/a Conner Jewelry and Coin and Pawn. They will be located in Evansville, Indiana. The request was approved by the Director under Delegated Authority on May 6, 1994.
- 2) A request was submitted for a Pawnbroker License by EZ-Pawn Indiana, Inc. d/b/a EZ Pawn #9. They will be located in Indianapolis, Indiana. EZ Pawn Indiana, Inc. is an operating subsidiary of EZ Corp, Inc., a holding company which currently owns and operates over 200 pawnshops in nine states. EZ Corp, Inc. is publicly traded on the NASDAQ exchange and has \$120 million in equity. The company has successfully concluded three public offerings and has access to a \$40 million line of credit which is presently unused. The request was approved by the Director under Delegated Authority on May 6, 1994.
- 3) A request was submitted for a Consumer Loan License by Alternative Financial Services, Inc. d/b/a Check Express. They will be located in Fort Wayne and are currently licensed as a check casher. The loan license will be used to make small, single payment loans to their check cashing customers. The request was approved by the Director under Delegated Authority on May 6, 1994.
- 4) A request was submitted for a Consumer Loan License by Marketing Services, Inc. of Indianapolis, Indiana. Marketing Services, Inc. primary business is to provide services to financial institutions in regard to automobile financing, mobile home sales and leases. They are obtaining the license to make direct consumer loans. The request was approved by the Director under Delegated Authority on May 6, 1994.

DIVISION OF CREDIT UNIONS

1) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Goshen Cushion, Inc. - Goshen - 180 members  
Crawfordsville Work Force, Inc. - Crawfordsville - 6 members  
Marion TV, Inc. - Indianapolis - 40 members  
Taylor Medical, Inc. - Indianapolis - 35 members  
Viking Paper Corp. - Plymouth - 26 members  
Warsaw Jewelry Design Co., Inc. - Warsaw - 6 members  
Ramada Inn (Indianapolis Airport) - Indianapolis - 125 members  
Mishler Funeral Home, Inc. - Bremen - 26 members  
East Porter County School Corp. - Valparaiso - 300 members  
Michiana Hematology-Oncology, P.C. - South Bend - 39 members  
Rankin Automotive, Inc. - South Bend - 6 members  
Plymouth White Metal Products - Plymouth - 30 members  
Randy's Marathon Service - Mishawaka - 12 members  
BSA Design - Indianapolis - 107 members  
HFR, Inc. - Winona Lake - 10 members  
Great Dane Trailers - Brazil - 1500 members  
National Wine & Spirits Corp. - Indianapolis - 490 members  
Roots, Inc. - Cumberland - 3 members  
It's Your Party, Inc. - Indianapolis - 3 members  
Spirit Enterprises - Indianapolis - 4 members  
Action Auto Sales & Service - Menton - 3 members  
Crystal Graphics, Inc. - Whiteland - 4 members  
Steve's Home Improvements - Elkhart - 3 members  
Stationers of Michiana, Inc. - Elkhart - 16 members  
Bill Coleman/Photographer - Elkhart - 1 member  
R&D Plastics, Inc. - Plymouth - 8 members  
Comfort Inn - Rochester - 12 members  
Barth Electric Co., Inc. - Indianapolis - 65 members  
Fleet Mortgage Corp. - Indianapolis - 15 members  
Success Realty, Inc. - Walkerton - 9 members  
Patterson Dental Co. - South Bend - 12 members

The request was approved by the Director under Delegated Authority on April 8, 1994.

2) WABASH COUNTY FARM BUREAU CREDIT UNION, WABASH, WABASH COUNTY, INDIANA

Request for approval of an application to establish a branch office at 1041 North Miller Avenue, Marion, Indiana.

The request was approved by the Director under Delegated Authority on April 25, 1994.

3) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Grier Associates, Inc. - Rochester - 11 members  
S/C Enterprises, Inc. - Crawfordsville - 43 members  
Kemberly, Inc. - Elkhart - 125 members  
Southeast Dental Group, P.C. - Indianapolis - 12 members

Remington Indianapolis Employers Corp. - Indianapolis - 298 members  
Famous Footwear, Inc. - Columbus - 80 members  
Walkerton United Methodist Church - Walkerton - 300 members

The request was approved by the Director under Delegated Authority on April 26, 1994.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

---

Mark Hasten, Chairman

---

Charles W. Phillips, Director